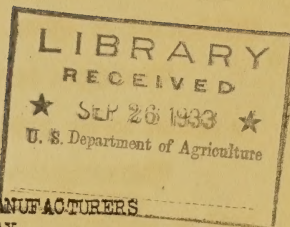


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CONSUMERS' COUNSEL CHALLENGES TEXTILE MANUFACTURERS
ATTACK ON COTTON PROCESSING TAX

"Textile manufacturers who have attacked the processing tax on cotton as the cause of a decline in consumption of cotton goods will be given opportunity to prove their assertions before Administrator George N. Peek at the informal hearing set for September 7," Dr. Fred. C. Howe, Consumers' Counsel of the Agricultural Adjustment Administration, said today.

"This hearing has been called by the Administrator to give these manufacturers ample opportunity to produce their evidence. They have made the claim that consumption of cotton goods is on the decrease. They have tried to lay the blame for this decline on the processing tax placed on cotton on August 1, which they say has forced them to raise prices too high.

"This tax, which amounts to 4.2 cents per pound of the net weight of cotton, is to cover the cost of the adjustment program which aims to give farmers a better price for cotton.

"Cotton mill consumption was speeded up to an unprecedented rate in June and July. Such a rate was beyond any that could be maintained even at the peak of prosperity. Administrator Peek's inquiry will seek to determine what effect

the overloading of shelves of wholesalers and retailers has had on the reported falling off of sales.

"Consumers as well as cotton farmers are vitally concerned with the facts on cotton costs, prices, and sales.

"Investigations we have made indicate that the tax amounts to only a small part of the retail price of cotton goods. We have collected figures on average prices of simple, everyday cotton articles from five shops in each of 22 cities to determine just how much the tax might come to. Here are some of the results we found:

"Sheets. Retail prices of sheets measuring 31 by 99 inches, one of the more generally used sizes, averaged \$1.13 on August 16. The amount of the processing tax on a sheet of this size and weight is not quite 8 cents.

"Work shirts. averaged in price on the same date 78 cents. The tax on them figures out at $3\frac{1}{2}$ cents.

"Overalls. On August 16, the average price was found to be \$1.26 while the processing tax should be about $8\frac{1}{2}$ cents.

"Unbleached muslin. This material was retailing on the same date for 11 cents a yard. The tax would be a little over a cent on this."

According to the evidence we have been able to obtain, the addition to the retail price, attributable to the tax, does not amount to more than 7 percent on these average-priced clothes and sheets, or to more than 10% on the yard goods described.